

FEDERAL RESERVE press release



For immediate release

July 11 , 1997

The Federal Reserve Board today announced the issuance of an Order of Assessment of a Civil Money Penalty against Postipankki Ltd., Helsinki, Finland, a foreign bank, and its New York branch.

Postipankki Ltd., without admitting to any allegations, consented to the issuance of the Order for allegedly engaging in unsafe and unsound practices related to misrepresentations to bank supervisory officials regarding trading losses, and for the branch's filing of allegedly false and misleading regulatory reports in 1994.

Postipankki Ltd. paid a civil money penalty of \$900,000.

A copy of the Order is attached.

Attachment

UNITED STATES OF AMERICA
BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

-----x	Docket Nos. 97-006-CMP-FB
In the Matter of	: 97-006-CMP-FBR
	:
POSTIPANKKI LTD.	: Order of Assessment of a Civil Money
Helsinki, Finland	: Penalty Issued Upon Consent Pursuant
	: to the Federal Deposit Act, as Amended,
POSTIPANKKI LTD.	: And the International Banking Act of
NEW YORK BRANCH	: 1978, as Amended
New York, New York	:
-----x	

WHEREAS, pursuant to Section 8(i) of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1818(i)) (the "FDI Act"), and Section 16(c) of the International Banking Act of 1978, as amended (12 U.S.C. § 3110(c)) (the "IB Act"), the Board of Governors of the Federal Reserve System ("Board") issues this Order of Assessment of a Civil Money Penalty (the "Order") against Postipankki Ltd., Helsinki, Finland ("Postipankki"), a foreign bank, and its New York branch (the "Branch"), for allegedly engaging in unsafe and unsound practices related to misrepresentations to bank supervisory officials regarding trading losses, and for the Branch's filing of allegedly false and misleading regulatory reports in 1994; and

WHEREAS, the Board recognizes the activity that forms the basis of this Order occurred in 1994 and 1995, and that since mid-1995, Postipankki and its Branch have taken constructive actions to address the Board's supervisory concerns, and that the Board's enforcement action was mitigated by these constructive actions; and

WHEREAS, on July 2, 1997, the Board of Management of
Postipankki adopted a resolution: (i) authorizing and directing Eino Keinanen, ^{Chairman and Chief} to enter ^{Executive}
^{General Manager}
into this Order on Postipankki's behalf; (ii) authorizing and directing Pekka Vataja, _____ to
enter into this Order on behalf of the Branch; (iii) consenting on behalf of Postipankki and the
Branch to comply with each and every provision of this Order; and (iv) waiving any and all
rights Postipankki and the Branch may have pursuant to Section 8 of the FDI Act and 12 C.F.R.
Part 263 or otherwise to: (a) the issuance of a notice of assessment of a civil money penalty; (b) a
hearing for the purpose of taking evidence with respect to any matter implied or set forth in this
Order; (c) to obtain judicial review of this Order or any provision hereof; and (d) to challenge or
contest in any manner the basis, issuance, validity, effectiveness, collectibility or enforceability
of this Order or any provision hereof;

NOW THEREFORE, prior to the taking of any testimony or adjudication of or
finding on any issue of fact or law herein, and without this Order constituting an admission of
any allegation made or implied by the Board in connection with this proceeding and solely for
the purpose of settlement of this proceeding without protracted or extended hearings or testimony
and pursuant to the aforesaid resolution:

IT IS HEREBY ORDERED, pursuant to Section 8(i) of the FDI Act and Sec-
tion 16(c) of the IB Act, that:

1. Postipankki and the Branch are hereby assessed and shall jointly pay as
hereinafter provided a civil money penalty in the sum of \$900,000.
2. The penalty assessed by this Order shall be remitted in full at the time
of the execution of this Order by wire transfer of immediately available funds to the Federal


Reserve Bank of New York, ABA No. 021001208, to the attention of Thomas C. Baxter, Jr., General Counsel and Executive Vice President. The Federal Reserve Bank of New York, on behalf of the Board, shall distribute this sum to the U.S. Department of the Treasury, pursuant to Section 8(i) of the FDI Act.

3. The provisions of this Order shall be binding upon Postipankki, the Branch, and their successors and assigns.

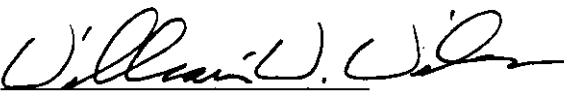
4. The provisions of this Order shall not bar, estop or otherwise prevent the Board, or any Federal or State agency or department, from taking any other action affecting Postipankki, the Branch, or any of their current or former institution-affiliated parties, as defined in Sections 3(u) and 8(b)(4) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(4)); provided, however, that the Board shall not take any further action against Postipankki and the Branch based upon information presently known by the Board relating to the matters addressed by this Order.

By order of the Board of Governors, this 11th day of JULY, 1997.

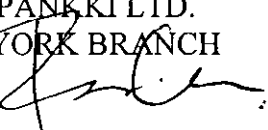
POSTIPANKKI LTD.
Helsinki, Finland

By: 
Eino Keinanen
Chairman and Chief Executive

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: 
William W. Wiles
Secretary of the Board

POSTIPANKKI LTD.
NEW YORK BRANCH

By: 
Pekka Vataja
General Manager